MONDADORI

Mandatory public notification (as per CONSOB Regulation N° 11971 of May 14, 1999).

MONDADORI STRENGTHENS ITS POSITION IN THE CHILDREN'S SECTOR WITH A PRELIMINARY AGREEMENT TO ACQUIRE A 70% STAKE IN EDIZIONI PIEMME

With this investment – with a value of €14.3 million – Mondadori will consolidate its leadership in the «6-14 years» segment

Segrate, 16 July 2003 – Arnoldo Mondadori Editore S.p.A. today signed a preliminary agreement with the current majority shareholders, Pietro Marietti and Elisabetta Dami, for the acquisition of 70% of the share capital of Edizioni Piemme S.p.A. at a price of €14.3 million, excepting any adjustments made as a result of the due diligence underway.

Edizioni Piemme – with around 70 employees, 2002 revenues of €28 million and a level of profitability in line with the best operators in the sector – began its publishing activities in the religious publishing sector and gradually moved into fiction and non-fiction, with a special emphasis on children's books. In fact, in this area Piemme is one of Italy's leading publishers with a market share of around 11% in terms of revenues. This result has been achieved largely on the strengths of the «Il Battello a Vapore» brand and the cartoon character «Geronimo Stilton» – for which Piemme has exclusive publishing rights in Italy.

The operation, which is subordinate to authorisations from the Competition Authority and other competent Authorities, would allow Mondadori to significantly strengthen its position in the children's book segment and also acquire a portfolio of established authors, including Michael Connelly and Anthony De Mello.

Maurizio Costa, Mondadori's deputy chairman and chief executive, declared: «This operation is a further step in our strategy of targeted acquisitions aimed at consolidating the core business. This agreement will markedly strengthen our activities in the children's segment, a market with interesting development prospects in which to reinforce our leadership. We are particularly pleased to have signed this agreement– continued Costa – both on account of the quality of the products and the potential for development of Piemme, both of which will benefit from the synergies that will certainly derive from Mondadori's existing structures. As has already happened in the recent past with Einaudi, Sperling & Kupfer, Electa and Le Monnier, also Piemme will become a part of the Group's book system that is focused on valorising editorial competences and rationalising the management system while respecting the cultural identity of the publishing house», Costa concluded.

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Pietro Marietti and Elisabetta Dami will each maintain a 10% stake in Piemme and continue to occupy leading operative roles.
«Elisabetta Dami and I are particularly happy about this agreement with Mondadori – underlined Marietti –, because it will allow us to continue to work autonomously with our existing staff, continuing to follow both the traditional and more recent editorial lines of the company. In a very few years, Piemme has reached a level of growth such that a strategic agreement with a large publishing group, able to guarantee a stable and certain future for the company had become necessary. All the areas of the company, from religious books to non-fiction and, in particular, children's books, will benefit enormously from this operation. We have signed this agreement with Mondadori on account of a profound harmony in the business and marketing vision. In fact we are convinced – added Marietti – that to grow in the publishing world it is necessary to combine high quality content with a strong sense of the market. This agreement is also particularly strategic for the national and international development of our character Geronimo Stilton, on which Piemme will continue to invest substantially. Starting from books, we will develop other formats to expand the substantial educational and entertainment value of Stilton's world, that is already loved by millions of children in Italy and abroad».